Assignment 1

1. No, A bachelor without dependents needs insurance because the bachelor is still vulnerable to death and accidents. The bachelor can take health insurance or other general insurance, which can help the bachelor to overcome. ~~For~~ For example medical bills, etc.

4. I think "that of dying pre-maturely leaving the dependent family to fend for itself" reason is more serious and difficult to manage because life insurance cannot put value on earner of the family. The claims can only help the family to survive. The other reason earner is still alive so he/she can still provide for the family by other means.

6. In ~~the~~ life insurance, adverse selection refers to situations in which an insurance company extends coverage to an applicant whose actual risk is ~~substain~~ substantially higher than the risk known by the insurance company. The insurance company suffers adverse effects by

offering coverage at a cost that does not accurately reflect its actual risk exposure.

Moral hazard means the party protected from risk in some way will act differently than if they didn't have that protection. The concept say that the person should ~~act~~ take pre-causion as if the person did not had insurance or the person should not more risk than the person can endure.

12.
B) Anyone buy insurance policy because insurance save uncertain happening, it provide protection. For example if a person has life insurance then the person is stressful that the dependents will have financial support

15. underwritting is a important part of insurance. Under writting helps to decide the ~~optimime~~ apropartiate price or better risk andysis. The consequence could be loss of insuran company due to more than expected claims, unsatisfied customers, etc.